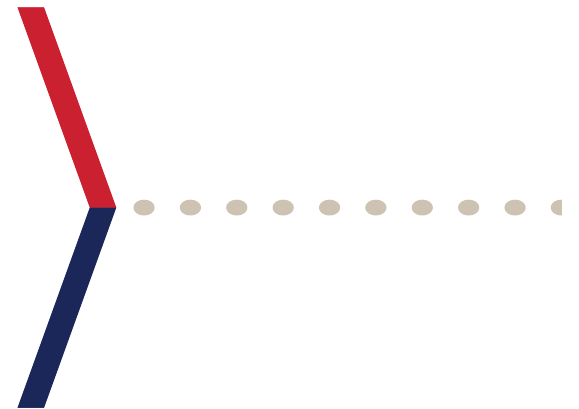
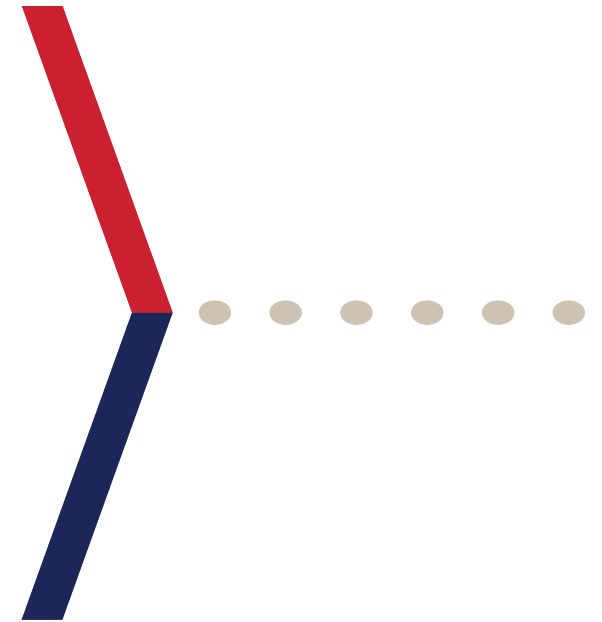


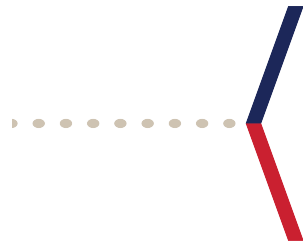
NAHB Coronavirus Webinar Series: Small Business Loans

Updated 4/7/2020



Economic Injury Disaster Loan (EIDL) Program





What is the EIDL Program?

Low-interest loans to small businesses or private, non-profit organizations that suffer substantial economic injury as a result of a declared disaster.

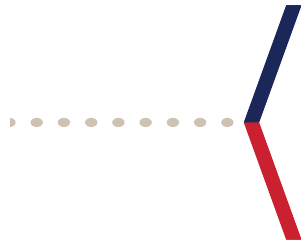




Who is Eligible for the EIDL Program Now?

Declared Disaster Areas

- Small Businesses (not more than 500 employees)
- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses
- **501(c)(6) entities provided they aren't "in the business of lobbying"**



EIDL Terms and Conditions

- Maximum loan amount is \$2M, depending on demonstrated injury
- Interest rate capped at 4%
- Maturity: Up to 30 years are available with the first payment due 12 months after funds are issued
- Eligible for forgiveness: No
- Loans < \$200k do not require personal guarantees
- Loans > \$25k require collateral.

[Visit SBA.gov/disaster](https://www.sba.gov/disaster) for all terms and conditions





Allowable Uses of EIDL Loans

EIDL loans may be used for payroll and other costs as well as to cover increased costs due to supply chain interruption, to pay obligations that cannot be met due to revenue loss and for other uses.



NEW: EIDL Emergency Grant

CARES Act created an EIDL Emergency Grant

- Applicants can request advances of up to \$10k to be provided within 3 days
- Allowable uses for emergency grant monies:
 - providing paid sick leave to employees
 - maintaining payroll to retain employees
 - meeting increased costs to due to interrupted supply chains
 - making rent or mortgage payments
 - repaying obligations that cannot be met due to revenue losses
- Repayment Requirement – **no repayment requirement regardless of whether you are subsequently denied an EIDL loan.**

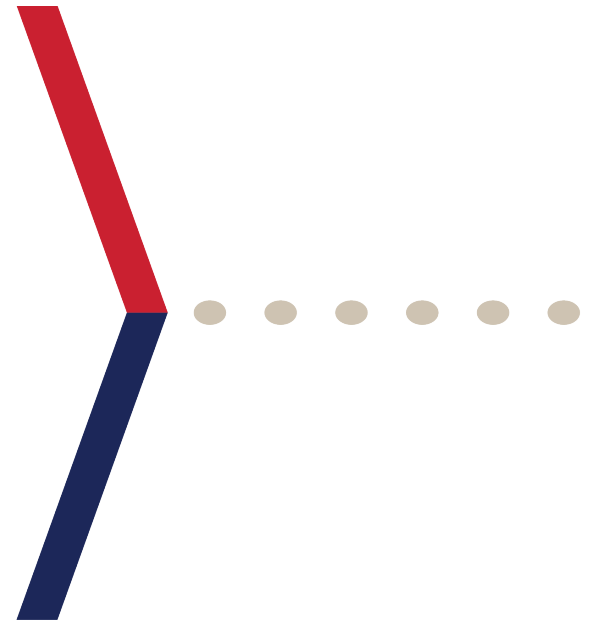


How to Apply

Apply directly through the SBA website or mail

disasterloan.sba.gov/ela/

Paycheck Protection Program (PPP)





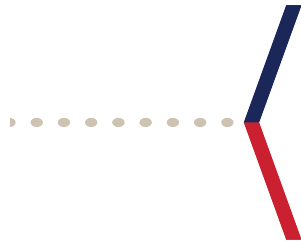
What is the Paycheck Protection Program?

- Direct incentive for small businesses to keep their workers on the payroll
- Any loan payments will be deferred for six months
- No collateral or personal guarantees are required
- No fees
- 1% fixed interest rate
- Due in 2 years, no prepayment penalties or fees
- Possibility of loan forgiveness



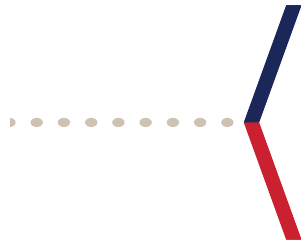
Who is Eligible

- Small businesses with fewer than 500 employees
- 501(c)(3) nonprofits with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Self-employed individuals
- Tribal businesses that meet SBA's size standards
- 501(c)(19) Veterans organizations that meet SBA's size standard



Eligible Expenses

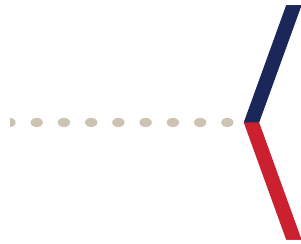
- Payroll costs (75% of expenses must be payroll)
- Certain costs related to the continuation of group health care benefits
- Employee salaries (including commissions)
- Mortgage, rent and utilities payments
- Interest on any other debt obligations that were incurred before the covered period



Certifications and Documentation

- An applicant will certify that:
 - Current economic conditions make this loan necessary to support ongoing operations
 - The loan will be used for eligible expenses
 - The applicant does not have another loan application in for the same purposes as the loan they're applying for
 - The applicant has not or will not receive a loan for the same purposes as the loan they're apply for between Feb. 15 through Dec. 31, 2020
- Provide payroll documentation





Fully Forgivable Loans

- Fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities
- Due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll
- Loan forgiveness will be reduced if a borrower decreases their full-time employee headcount
- Loan forgiveness will also be reduced if a borrower decreases salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019



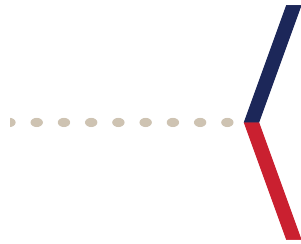
Payroll Costs for Loan Forgiveness

- Salary, wages, commissions, or tips (capped at \$100,000 per employee on an annual basis)
- Employee benefits
- State and local taxes assessed on compensation
- For sole proprietor or independent contractor: wages, commissions, income, or net earnings from self employment



Loan Limits

- Loans can be for up to two months of the applicant's average monthly payroll costs from the last year plus an additional 25% of that amount
- Subject to a \$10 million cap
- If the applicant is a seasonal or new business, they will use different applicable time periods for their calculations



How Long Will the Program Last?

- Applications open:
 - Friday, April 3 for small businesses and sole proprietorships
 - Friday, April 10 for independent contractors and self-employed individuals
- The program will be open until June 30
- Funds expected to go quickly



How to Access this Program

- Any existing SBA lender any federally insured depository institution, federally insured credit union, and Farm Credit System institution
- More guidance to come from SBA on where participating lenders are located
- Lender finder tool sba.gov/paycheckprotection/find